

# HOUSE BILL REPORT

## HB 2023

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### As Reported by House Committee On: Local Government

**Title:** An act relating to creating the growth management infrastructure account.

**Brief Description:** Creating the growth management infrastructure account.

**Sponsors:** Representatives Clibborn, Jarrett, McIntire, Tom, Dunn, Upthegrove, Kilmer, Anderson and Simpson.

#### **Brief History:**

##### **Committee Activity:**

Local Government: 2/23/05, 2/28/05 [DPS].

#### **Brief Summary of Substitute Bill**

- Creates the growth management infrastructure account (infrastructure account) in the state treasury.
- Requires the Public Works Board to manage the infrastructure account and to use appropriated moneys from the account to provide financial assistance to qualifying local governments for certain growth infrastructure projects.
- Includes provisions related to the infrastructure account.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Simpson, Chair; Clibborn, Vice Chair; Ahern, Assistant Ranking Minority Member; B. Sullivan, Takko and Woods.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Schindler, Ranking Minority Member.

**Staff:** Ethan Moreno (786-7386).

#### **Background:**

##### *Growth Management Act*

Enacted in 1990 and 1991, the Growth Management Act (GMA) establishes a comprehensive land use planning framework for county and city governments in Washington. The GMA

specifies numerous provisions for jurisdictions fully planning under the Act (GMA jurisdictions) and establishes a reduced number of compliance requirements for all local governments.

The GMA jurisdictions must adopt internally consistent comprehensive land use plans (comprehensive plans), which are generalized, coordinated land use policy statements of the governing body. Comprehensive plans must satisfy requirements for specified "elements," including *land use* and *capital facilities plan* elements, each of which is a planning subset of a comprehensive plan. GMA jurisdictions also must adopt development regulations that are consistent with and implement the comprehensive plan.

#### Capital Facilities Plan Element

The capital facilities plan element of a comprehensive plan must consist of:

- an inventory of existing publically owned capital facilities, showing locations and facility capacities;
- a forecast of future facilities needs;
- the proposed locations and capacities of expanded or new facilities;
- at least a six-year plan that will finance such facilities within projected funding capacities and clearly identifies sources of public money for such purposes; and
- a requirement to reassess the land use element of a comprehensive plan if probable funding falls short of meeting existing needs.

The reassessment requirement includes provisions pertaining to ensuring that the land use element, the element that must include designation provisions for the proposed general distribution and uses of land, is coordinated and consistent with the capital facilities plan element and its related financing plan.

The term "capital facilities" is not defined in the GMA.

#### Public Works Board

The Public Works Board (Board) is a 13-member board authorized to make low-interest or interest-free loans to local governments and other qualified entities from the public works assistance account to assist in the financing of public works projects. A "public works project" is defined by statute, in part, as a project of a local government or qualified entity for the planning, acquisition, construction, or other specified action pertaining to streets and roads, bridges, water systems, and other systems and facilities.

Money may be placed in the public works assistance account (public works account), which is in the state treasury, from the proceeds of bonds when authorized by the Legislature or from any lawful source. Money in the public works account must be used to make loans and to give financial guarantees to local governments for public works projects, subject to Board authorization and statutory requirements.

#### Treasury Income Account

All earnings of investments of surplus balances in the state treasury must be deposited to the treasury income account. The State Treasurer (Treasurer) must distribute the earnings credited

to the treasury income account each month. The Treasurer must credit the general fund with all the earnings credited to the treasury income account except:

- specified accounts and funds must receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period; and
- specified accounts and funds must receive 80 percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period.

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### **Summary of Substitute Bill:**

The growth management infrastructure account (infrastructure account) is created in the state treasury. Moneys may be placed in the infrastructure account from the proceeds of bonds when authorized by the Legislature or from any other lawful source. The Public Works Board (Board), in accordance with existing statutory authority, must manage appropriated funds from the infrastructure account. The Board must use funds from the infrastructure account to provide financial assistance to qualifying local governments for capital costs directly related to providing basic service for growth infrastructure projects necessary to accommodate residential, commercial, and industrial growth. Funds necessary to support the Board's cost in administering provisions related to the infrastructure account must be appropriated from such account.

"Basic service" and "growth infrastructure projects" are defined as follows:

- "basic service" means, in part, that level of service necessary to meet only the minimum level of service sufficient to accommodate growth according to specific provisions for bridge and road projects, domestic water projects, and sanitary sewer, storm water, and solid waste/recycling projects; and
- "growth infrastructure projects" means, in part, the costs of acquisition, construction, reconstruction, rehabilitation, and improvement of bridges, roads, and domestic water, sanitary sewer, storm sewer, and solid waste/recycling projects necessary to meet prescribed requirements.

Existing debt or financial obligations of local governments may not be refinanced with funds from the infrastructure account. An exemption to this prohibition is granted if refinancing existing debt or financial obligations will enable the use of other funds, in like amounts, for growth infrastructure projects. Additionally, each local government applying for funds from the infrastructure account must provide documentation of attempts to secure funding for qualifying projects, subject to specified provisions.

Counties, cities, and towns qualifying for financial assistance from the infrastructure account must:

- comply with the provisions of the Growth Management Act (GMA);
- demonstrate that the growth infrastructure project is necessary to attract or accommodate the planned population and employment growth;

- demonstrate that the comprehensive plan, zoning designations, development regulations, and capital facilities plan are sufficient to accommodate projected growth; and
- satisfy other criteria deemed necessary by the Board, subject to specified provisions.

Special purpose districts and any other municipal corporations or quasi-municipal corporations in the state, excluding school districts and port districts (special purpose local governments) qualifying for financial assistance from the infrastructure account must:

- demonstrate that the special purpose local government has a capital facilities plan meeting standards established by the Board;
- demonstrate that the growth infrastructure project is necessary to attract or accommodate planned population and employment growth;
- demonstrate that the capital facilities plan satisfies certain planning and land-use regulation requirements of the special purpose local government or governments; and
- satisfy other criteria deemed necessary by the Board, subject to specified provisions.

Counties, cities, towns, and special purpose local governments may use local funds, in combination with financial assistance provided from the infrastructure account, to construct projects in excess of the minimum level financed through such account.

Provisions related to the distribution of earnings from the treasury income account are modified. The list of specified accounts and funds that must receive their proportionate share of earnings based upon each account's and fund's average daily balance for each monthly period is extended to include the infrastructure account.

**Substitute Bill Compared to Original Bill:**

Defines "board" as the existing Public Works Board. Specifies that funds necessary to support the Board's costs in administering provisions of the bill must be appropriated from the growth management infrastructure account. Allows existing debts or obligations of local governments to be refinanced using funds from the infrastructure account if specified criteria are met. Modifies eligibility criteria applicable to entities seeking funds from the infrastructure account to specify that the Board may require a commitment to maintain the growth related infrastructure. Specifies that local governments are not precluded from using local funds in combination with loans or guarantees provided under provisions of the bill to construct qualifying projects. Includes modified intent language. Includes technical changes.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after the adjournment of session in which bill is passed, except section 7, which replaces existing law after a scheduled expiration, and takes effect July 1, 2006.

**Testimony For:** (Original bill) There is a link between infrastructure funding and planning for housing. Measures to accommodate growth and promote a high quality of life are needed. Infrastructure projects are needed for economic development. Local government funds are currently being used to support existing facilities rather than to construct needed infrastructure. A \$3 billion infrastructure funding gap exists and this bill will help. This bill does not identify a funding source. There is no advantage to establishing a mechanism that moves existing funds from one account to another. Care should be taken to avoid overloading the Public Works Board. The language should be clarified to specify that funds may be used from the infrastructure account in combination with funds from other sources.

**Testimony Against:** None.

**Persons Testifying:** (Original bill) Representative Clibborn; Bill Riley and Bryan Wahl, Washington Association of Realtors; and Rick Slunaker, Associated General Contractors.

**Persons Signed In To Testify But Not Testifying:** Genesee Adkins, Futurewise; Leonard Bauer, Department of Community, Trade and Economic Development; and Dave Williams, Association of Washington Cities.